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Reagan: No Revolution

by [Jacob H. Huebert](#)

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This article is excerpted
from [Libertarianism
Today](#), by Jacob H.
Huebert.

The popular perception is that Ronald Reagan ushered in a "revolution" in government – an essentially libertarian one, in which the federal government was no longer viewed as the solution to problems, but was viewed as itself a problem. This revolution was even seen as outlasting Reagan, reflected in Bill Clinton's declaration that "the era of big government is over." Only with the election of Barack Obama, pundits opined, did Americans cast off the anti-government ideology that had held sway since Reagan took office.

This popular perception is wrong. Reagan was no libertarian and did nothing to bolster libertarianism. Instead, he grew government and, if anything, stifled the libertarian movement by bringing libertarians and small-government conservatives into his coalition, getting their votes but giving them practically nothing in return.

First, there are the obvious ways in which Reagan was not a libertarian. His religious-right supporters favored much anti-libertarian moral policing, and Reagan paid them back for their support. Reagan drastically escalated the war



on drugs, as the percentage of inmates in federal prison for drug offenses increased from 25 percent to 44 percent during his two terms. And he pursued an interventionist foreign policy by, among other things, putting troops in Lebanon, supporting Saddam Hussein in Iraq, and meddling in Nicaragua in the Iran-Contra matter.

One area in which Reagan did claim to favor personal freedom while running for office was draft registration: he promised to end it on the grounds that it "destroys the very values that our society is committed to defending." By 1982, however, he officially reversed positions because, he said, "we live in a dangerous world." (Of course, it was a world made all the more dangerous by Reagan's own nuclear escalation – [another offense against libertarianism.](#))

Despite all that, Reagan at least favored relatively free-market policies, didn't he? Not at all, if one looks at results instead of rhetoric. Although Reagan claimed at times to support free trade, the portion of imports facing restriction [increased 100 percent](#) over the course of his two terms. Reagan railed against government spending and deficits while running for office, but both became far worse under his watch. In 1980, the final year of Jimmy Carter's term in office, government spent \$591 billion and ran a \$73.8 billion deficit. In 1988, the final Reagan year, government spent over \$1 trillion, and ran a \$155 billion deficit.



[Libertarianism Today](#)

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True, those figures aren't adjusted for inflation – but the need to adjust only shows that Reagan failed to defeat inflation, too (even if, in fairness, Federal Reserve Chairman Paul Volcker did control it better than his 1970s predecessors). Reagan had promised to restore the gold standard, and on taking office he appointed a commission to study the issue. But that group consisted almost entirely of people who were already known to oppose the gold standard – so its anti-gold findings were a foregone conclusion, no change in monetary policy resulted, and the dollar continued to lose value. (Ron Paul and Lewis Lehrman were on the committee and published a minority report, [The Case for Gold](#), which remains in print.) Former Federal Reserve Chairman Alan Greenspan – a leading culprit in the economic crisis that slammed the American economy about twenty years after Reagan left office – was first appointed by Reagan and is therefore another part of Reagan's anti-libertarian legacy.

One might think that Reagan deserves at least a modicum of libertarian appreciation for being a tax cutter, but this is wrong on two grounds.

First, increasing spending while cutting taxes is not libertarian. If the government spends more than it takes in, it will have to print or borrow the money to make up the difference. If the government prints the money, then taxpayers suffer an

"inflation tax" that may be even more destructive than an ordinary tax. If the government borrows the money, then future citizens will have to repay the loans through future taxes or inflation (unless the government repudiates the debt). And, of course, all government spending siphons resources from the private sector, which, in turn, results in fewer consumer goods produced, which makes society worse off.

Second, Reagan did not effectively cut taxes. Reagan did sign a tax cut in 1981, which went mostly to the wealthy minority, but this cut was immediately offset by an increase in Social Security taxes and by the effects of "bracket creep," as inflation pushed people into higher tax brackets. (Also, rather than take the libertarian step of eliminating mandatory social security, Reagan "saved" it by forcing working people to pay more.) After that, Reagan continued to effectively raise taxes by "closing loopholes" over the course of his presidency. No wonder, then, that government revenues increased from \$517 billion in 1981 to \$1.031 trillion in 1989 – not what one would expect under a libertarian regime committed to cutting government.

What about deregulation? The major deregulations for which Reagan is sometimes credited – oil and gas industry deregulation, airline deregulation, trucking deregulation – were in fact enacted under the Carter Administration, which was perhaps more libertarian than the Reagan Administration, if results count. Carter's deregulation conveniently took effect just in time for Reagan to take credit. But as [Murray Rothbard put it](#), "The Gipper deregulated nothing, abolished nothing. Instead of keeping his pledge to abolish the departments of Energy and Education, he strengthened them and even wound up his years in office adding a new Cabinet post, the Secretary of Veterans Affairs."



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Reagan and the Libertarian Movement

So the Reagan years were bad for liberty – and they were also bad in many respects for the libertarian movement. Anti-government sentiment had grown during the 1970s as a result of various factors, including Vietnam, Watergate, and disastrous economic policies. Reagan tapped into this anti-government sentiment and then used his position not to advance liberty but to *restore respect for government* and prompt a resurgence of militarism and flag-waving nationalism – a conservative's dream, perhaps, but an anti-state libertarian's nightmare.

Worse, many libertarians were sucked into the administration's orbit early, optimistic because of Reagan's apparent sympathy for libertarian ideas. Some of these libertarians became disillusioned and left Washington, but others adjusted their priorities to fit in and became part of the Establishment.

Surveying the damage after eight years, Rothbard charged that "intellectual corruption" among (former or quasi-) libertarians "spread rapidly, in proportion to the height and length of [their] jobs in the Reagan Administration. Lifelong opponents of budget deficits remarkably began to weave sophisticated and absurd apologies, now that the great Reagan was piling them up, claiming, very much like the hated left-wing Keynesians of yore, that 'deficits don't matter.'"

Some libertarians did not join the government, but moved closer to it in hopes of gaining influence. Most notably, the Cato Institute moved its headquarters from San Francisco to Washington, DC in 1981. The move did raise the profile of the organization and its people, but Rothbard and other libertarian critics outside Washington have charged that they watered down the message at times to maintain beltway respectability and to appease wealthy benefactors who seek influence, most notably their foremost patrons (to this day), oil billionaires [Charles and David Koch](#). Most significantly, on its move to Washington, Cato promptly and deliberately moved away from the pure free-market economics of the Austrian School in favor of more mainstream approaches, and with this also curbed criticism of the Federal Reserve, which at least until recently was the ultimate taboo in Establishment circles. Criticism of aggressive Republican foreign policy became somewhat muted as well, if not so completely abandoned. And where earlier libertarians had sought radical goals, the new Beltway libertarians increasingly promoted "public policy" compromises such as school vouchers and so-called private social security accounts.

Three decades later, some libertarians' decision to latch onto Reagan and enter the mainstream Washington "public policy" business do not seem to have borne much fruit. Liberty has not advanced as a result, and it is questionable whether its decline has even been slowed. The enormous growth of government under George W. Bush testifies to the failure of this strategy. Lamentably, even after all this, some libertarians who know better [continue to invoke Reagan](#) as if he set a good example.

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